

# WAYNE COUNTY, MISSISSIPPI

Audited Financial Statements and Special Reports  
For the Year Ended September 30, 2011

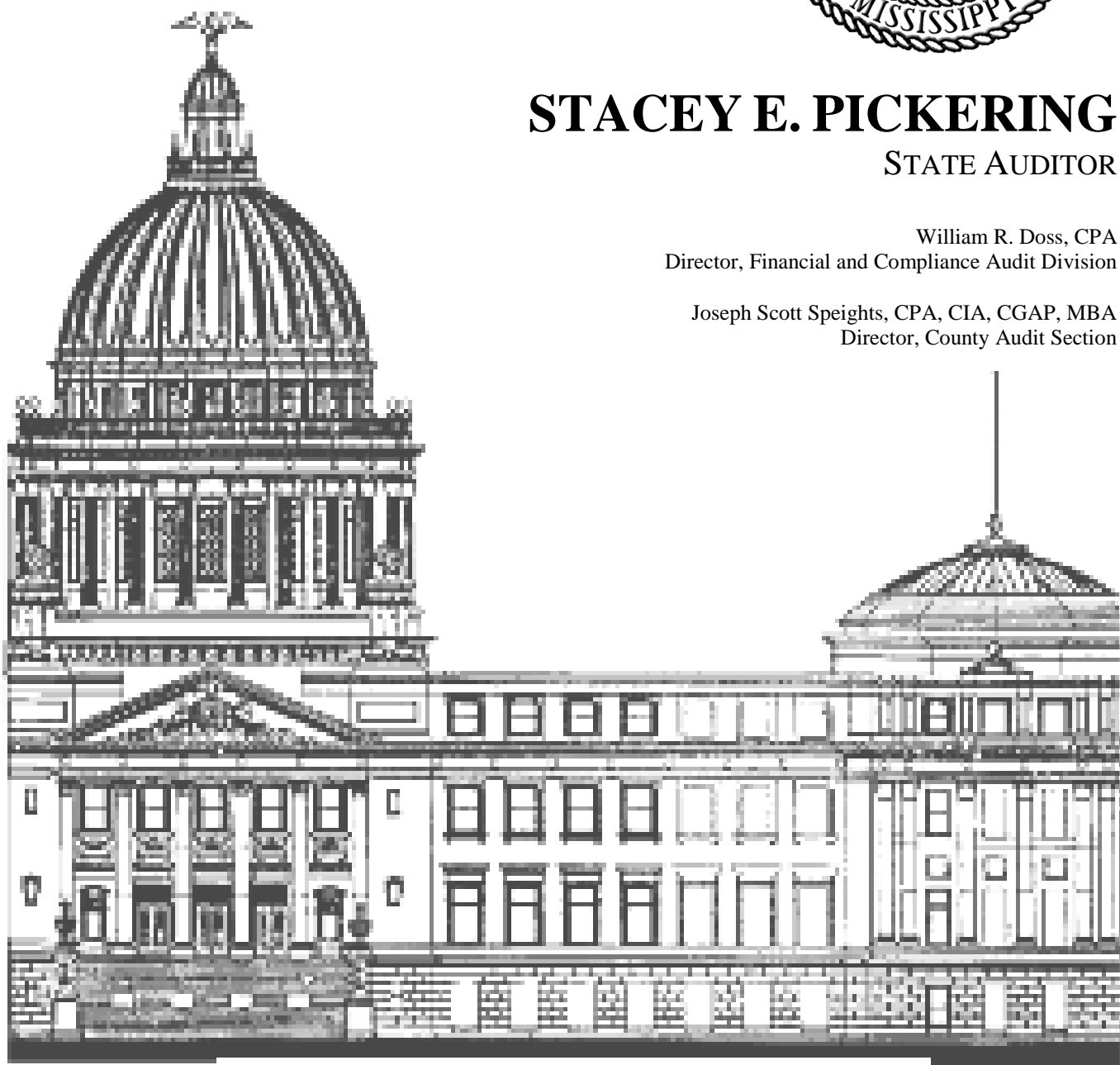


## STACEY E. PICKERING

STATE AUDITOR

William R. Doss, CPA  
Director, Financial and Compliance Audit Division

Joseph Scott Speights, CPA, CIA, CGAP, MBA  
Director, County Audit Section



A Report from the County Audit Section

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**STATE OF MISSISSIPPI**  
**OFFICE OF THE STATE AUDITOR**  
**STACEY E. PICKERING**  
AUDITOR

September 14, 2012

Members of the Board of Supervisors  
Wayne County, Mississippi

Dear Board Members:

I am pleased to submit to you the 2011 financial and compliance audit report for Wayne County. This audit was performed pursuant to Section 7-7-211(e), Mississippi Code Ann. (1972). The audit was performed in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States.

I appreciate the cooperation and courtesy extended by the officials and employees of Wayne County throughout the audit. Thank you for working to move Mississippi forward by serving as a supervisor for Wayne County. If I or this office can be of any further assistance, please contact me or J. Scott Speights of my staff at (601) 576-2674.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Stacey E. Pickering", is written over a horizontal line.

Stacey E. Pickering  
State Auditor



WAYNE COUNTY  
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WAYNE COUNTY

FINANCIAL SECTION

WAYNE COUNTY

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**STATE OF MISSISSIPPI**  
**OFFICE OF THE STATE AUDITOR**  
**STACEY E. PICKERING**  
AUDITOR

**INDEPENDENT AUDITOR'S REPORT**

Members of the Board of Supervisors  
Wayne County, Mississippi

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Wayne County, Mississippi, as of and for the year ended September 30, 2011, which collectively comprise the basic financial statements of the county's primary government as listed in the table of contents. These financial statements are the responsibility of the county's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

The financial statements do not include financial data for the county's legally separate component units. Accounting principles generally accepted in the United States of America require the financial data for those component units to be reported with the financial data of the county's primary government unless the county also issues financial statements for the financial reporting entity that include the financial data for its component units. The county has not issued such reporting entity financial statements. The amount by which this departure would affect the assets, liabilities, net assets, revenues and expenses of the aggregate discretely presented component units is not reasonably determinable.

In our opinion, because of the omission of the discretely presented component units, as discussed previously, the financial statements referred to previously do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the aggregate discretely presented component units of Wayne County, Mississippi, as of September 30, 2011, or the changes in financial position thereof for the year then ended.

In addition, in our opinion, the financial statements referred to previously present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of Wayne County, Mississippi, as of September 30, 2011, and the respective changes in financial position, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 2, the county adopted the provisions of Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 14, 2012, on our consideration of Wayne County, Mississippi's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Wayne County, Mississippi, has not presented Management's Discussion and Analysis, is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board.

Budgetary Comparison Schedules and corresponding notes, are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Wayne County, Mississippi's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. The accompanying Reconciliation of Operating Costs of Solid Waste is also presented for purposes of additional analysis and is not a required part of the basic financial statements. The Schedule of Expenditures of Federal Awards and the Reconciliation of Operating Costs of Solid Waste are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

A handwritten signature in black ink, appearing to read "Will R. Dooss".

WILLIAM R. DOSS, CPA  
Director, Financial and Compliance Audit Division

September 14, 2012

WAYNE COUNTY

FINANCIAL STATEMENTS

WAYNE COUNTY

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WAYNE COUNTY  
Statement of Net Assets  
September 30, 2011

Exhibit 1

	<u>Primary Government</u> <u>Governmental</u> <u>Activities</u>
ASSETS	
Cash	\$ 9,346,007
Property tax receivable	3,106,181
Fines receivable (net of allowance for uncollectibles of \$696,767)	500,570
Intergovernmental receivables	124,783
Capital assets:	
Land	1,685,096
Other capital assets, net	<u>58,475,245</u>
Total Assets	<u>73,237,882</u>
LIABILITIES	
Claims payable	301,567
Intergovernmental payables	392,334
Accrued interest payable	5,981
Deferred revenue	3,106,181
Other payables	118,145
Due within one year:	
Capital debt	1,156,060
Due in more than one year:	
Capital debt	1,752,473
Non-capital debt	<u>29,349</u>
Total Liabilities	<u>6,862,090</u>
NET ASSETS	
Invested in capital assets, net of related debt	57,251,808
Restricted:	
Expendable:	
General government	41,279
Debt service	25,396
Public safety	395,081
Public works	2,443,936
Education	300,000
Culture and recreation	28,677
Economic development	35,078
Unrestricted	<u>5,854,537</u>
Total Net Assets	<u>\$ 66,375,792</u>

The notes to the financial statements are an integral part of this statement.

WAYNE COUNTY  
Statement of Activities  
For the Year Ended September 30, 2011

Exhibit 2

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government	Governmental Activities
Primary government:						
Governmental activities:						
General government	\$ 2,771,902	581,946	18,762			(2,171,194)
Public safety	3,098,090	393,515	104,863	16,425		(2,583,287)
Public works	8,166,490		651,856	1,085,020		(6,429,614)
Health and welfare	295,432		54,483			(240,949)
Culture and recreation	12,500					(12,500)
Education	610,588					(610,588)
Conservation of natural resources	65,927					(65,927)
Economic development and assistance	75,041					(75,041)
Interest on long-term debt	123,322					(123,322)
Total Governmental Activities	\$ 15,219,292	975,461	829,964	1,101,445		(12,312,422)
General revenues:						
Property taxes					\$	4,759,273
Road & bridge privilege taxes						262,563
Grants and contributions not restricted to specific programs						3,706,476
Unrestricted interest income						132,988
Miscellaneous						607,795
Total General Revenues						9,469,095
Changes in Net Assets						(2,843,327)
Net Assets - Beginning						69,219,119
Net Assets - Ending					\$	66,375,792

The notes to the financial statements are an integral part of this statement.



WAYNE COUNTY  
Balance Sheet - Governmental Funds  
September 30, 2011

Exhibit 3

	<u>Major Funds</u>			
	<u>General Fund</u>	<u>County Wide Road Maintenance Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>				
Cash	\$ 6,339,746	61,329	2,944,932	9,346,007
Property tax receivable	1,289,267		1,816,914	3,106,181
Fines receivable (net of allowance for uncollectibles of \$696,767)	500,570			500,570
Intergovernmental receivables	124,783			124,783
Due from other funds			152,571	152,571
Total Assets	<u>\$ 8,254,366</u>	<u>61,329</u>	<u>4,914,417</u>	<u>13,230,112</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Claims payable	\$ 118,163	17,043	166,361	301,567
Intergovernmental payables	367,401			367,401
Due to other funds	177,504			177,504
Deferred revenue	1,789,837		1,816,914	3,606,751
Other payables	118,145			118,145
Total Liabilities	<u>2,571,050</u>	<u>17,043</u>	<u>1,983,275</u>	<u>4,571,368</u>
Fund balances:				
Restricted for:				
General government			41,279	41,279
Public safety			395,081	395,081
Public works		44,286	2,399,650	2,443,936
Culture and recreation			28,677	28,677
Economic development and assistance			35,078	35,078
Debt service			31,377	31,377
Committed to:				
Education	300,000			300,000
Unassigned	5,383,316			5,383,316
Total Fund Balances	<u>5,683,316</u>	<u>44,286</u>	<u>2,931,142</u>	<u>8,658,744</u>
Total Liabilities and Fund Balances	<u>\$ 8,254,366</u>	<u>61,329</u>	<u>4,914,417</u>	<u>13,230,112</u>

The notes to the financial statements are an integral part of this statement.

## WAYNE COUNTY

Exhibit 3-1Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Assets  
September 30, 2011

	<u>Amount</u>
Total Fund Balance - Governmental Funds	\$ 8,658,744
Amounts reported for governmental activities in the Statement of Net Assets are different because:	
Capital assets are used in governmental activities and are not financial resources and, therefore, are not reported in the funds, net of accumulated depreciation of \$92,808,907.	60,160,341
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.	500,570
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	(2,937,882)
Accrued interest payable is not due and payable in the current period and, therefore, are not reported in the funds.	<u>(5,981)</u>
Total Net Assets - Governmental Activities	\$ <u><u>66,375,792</u></u>

The notes to the financial statements are an integral part of this statement.

## WAYNE COUNTY

Exhibit 4

## Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds

For the Year Ended September 30, 2011

	<u>Major Funds</u>		Other Governmental Funds	Total Governmental Funds
	General Fund	County Wide Road Maintenance Fund		
REVENUES				
Property taxes	\$ 2,008,060		2,751,213	4,759,273
Road and bridge privilege taxes			262,563	262,563
Licenses, commissions and other revenue	198,080		17,567	215,647
Fines and forfeitures	393,515			393,515
Intergovernmental revenues	2,286,436	1,676,976	1,674,473	5,637,885
Charges for services	94,300		246,187	340,487
Interest income	71,361		61,627	132,988
Miscellaneous revenues	392,972	11,580	203,243	607,795
Total Revenues	<u>5,444,724</u>	<u>1,688,556</u>	<u>5,216,873</u>	<u>12,350,153</u>
EXPENDITURES				
Current:				
General government	2,547,666		150,446	2,698,112
Public safety	1,910,084		742,484	2,652,568
Public works		1,718,255	3,558,637	5,276,892
Health and welfare	295,432			295,432
Culture and recreation	12,500		3,064	12,500
Education	607,524			610,588
Conservation of natural resources	65,927			65,927
Economic development and assistance	36,537		22,785	59,322
Debt service:				
Principal		20,606	1,011,864	1,032,470
Interest		4,629	121,464	126,093
Total Expenditures	<u>5,475,670</u>	<u>1,743,490</u>	<u>5,610,744</u>	<u>12,829,904</u>
Excess of Revenues over (under) Expenditures	<u>(30,946)</u>	<u>(54,934)</u>	<u>(393,871)</u>	<u>(479,751)</u>
OTHER FINANCING SOURCES (USES)				
Long-term capital debt issued			290,197	290,197
Proceeds from sale of capital assets			139,152	139,152
Transfers in	1,752			1,752
Transfers out			(1,752)	(1,752)
Total Other Financing Sources and Uses	<u>1,752</u>	<u>0</u>	<u>427,597</u>	<u>429,349</u>
Net Changes in Fund Balances	(29,194)	(54,934)	33,726	(50,402)
Fund Balances - Beginning	5,236,798	99,220	3,373,128	8,709,146
Prior period adjustment	475,712		(475,712)	0
Fund Balances - Beginning, as restated	<u>5,712,510</u>	<u>99,220</u>	<u>2,897,416</u>	<u>8,709,146</u>
Fund Balances - Ending	<u>\$ 5,683,316</u>	<u>44,286</u>	<u>2,931,142</u>	<u>8,658,744</u>

The notes to the financial statements are an integral part of this statement.

## WAYNE COUNTY

Exhibit 4-1

Reconciliation of the Statement of Revenues, Expenditures and Changes in  
Fund Balances of Governmental Funds to the Statement of Activities  
For the Year Ended September 30, 2010

	<u>Amount</u>
Net Changes in Fund Balances - Governmental Funds	\$ (50,402)
Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental Funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. Thus, the change in net assets differs from the change in fund balances by the amount that depreciation of \$5,850,343 exceeded capital outlays of \$2,460,989 in the current period.	(3,389,354)
In the Statement of Activities, only gains and losses from the sale of capital assets are reported, whereas in the Governmental Funds, proceeds from the sale of capital assets increase financial resources. Thus, the change in net assets differs from the change in fund balances by the amount of the net loss of \$29,378 and the proceeds from the sale of \$139,152 in the current period.	(168,530)
Fine revenue recognized on the modified accrual basis in the funds during the current year is reduced because prior year recognition would have been required on the Statement of Activities using the full-accrual basis of accounting.	25,812
Debt proceeds provide current financial resources to Governmental Funds, but issuing debt increases long-term liabilities in the Statement of Net Assets. Repayment of debt principal is an expenditure in the Governmental Funds, but the repayment reduces long-term liabilities in the Statement of Net Assets. Thus, the change in net assets differs from the change in fund balances by the amount that debt repayments of \$1,032,470 exceeded debt proceeds of \$290,197.	742,273
Under the modified accrual basis of accounting used in the Governmental Funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. However, in the Statement of Activities, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. In addition, interest on long-term debt is recognized under the modified accrual basis of accounting when due, rather than as it accrues. Thus, the change in net assets differs from the change in fund balances by a combination of the following items:	
Increase in compensated absences	(5,897)
Decrease in accrued interest payable	<u>2,771</u>
Change in Net Assets of Governmental Activities	\$ <u><u>(2,843,327)</u></u>

The notes to the financial statements are an integral part of this statement.

WAYNE COUNTY  
Statement of Fiduciary Assets and Liabilities  
September 30, 2011

Exhibit 5

		<u>Agency Funds</u>
ASSETS		
Cash	\$	67,599
Due from other funds		<u>24,933</u>
Total Assets	\$	<u><u>92,532</u></u>
LIABILITIES		
Amounts held in custody for others	\$	67,599
Intergovernmental payables		<u>24,933</u>
Total Liabilities	\$	<u><u>92,532</u></u>

The notes to the financial statements are an integral part of this statement.

WAYNE COUNTY

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## WAYNE COUNTY

### Notes to Financial Statements For the Year Ended September 30, 2011

#### (1) Summary of Significant Accounting Policies.

##### A. Financial Reporting Entity.

Wayne County is a political subdivision of the State of Mississippi. The county is governed by an elected five-member Board of Supervisors. Accounting principles generally accepted in the United States of America require Wayne County to present these financial statements on the primary government and its component units which have significant operational or financial relationships with the county.

Management has chosen to omit from these financial statements the following component units which have significant operational or financial relationships with the county. Accordingly, the financial statements do not include the data all of the county's component units necessary for reporting in conformity with accounting principles generally accepted in the United States of America.

- Wayne County Economic Development District
- Wayne General Hospital

State law pertaining to county government provides for the independent election of county officials. The following elected and appointed officials are all part of the county legal entity and therefore are reported as part of the primary government financial statements.

- Board of Supervisors
- Chancery Clerk
- Circuit Clerk
- Justice Court Clerk
- Purchase Clerk
- Tax Assessor-Collector
- Sheriff

##### B. Basis of Presentation.

The county's basic financial statements consist of government-wide statements, including a Statement of Net Assets and a Statement of Activities, fund financial statements and accompanying note disclosures which provide a detailed level of financial information.

##### Government-wide Financial Statements:

The Statement of Net Assets and Statement of Activities display information concerning the county as a whole. The statements include all nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities are generally financed through taxes, intergovernmental revenues and other nonexchange revenues.

The Statement of Net Assets presents the financial condition of the governmental activities of the county at year-end. The Government-wide Statement of Activities presents a comparison between direct expenses and program revenues for each function or program of the county's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and therefore, are clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Taxes and other revenues not classified as program revenues, are presented as general revenues of the county, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the county.

## WAYNE COUNTY

### Notes to Financial Statements For the Year Ended September 30, 2011

#### Fund Financial Statements:

Fund financial statements of the county are organized into funds, each of which is considered to be separate accounting entities. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues and expenditures. Funds are organized into governmental, and fiduciary. Major individual Governmental Funds are reported as separate columns in the fund financial statements. Nonmajor funds are aggregated and presented in a single column.

#### C. Measurement Focus and Basis of Accounting.

The Government-wide and Fiduciary Funds excluding agency funds) financial statements are presented using the economic resources measurement focus and the accrual basis of accounting. Revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used, regardless of when the related cash flows take place. Property taxes are recognized as revenue in the year for which they are levied. Shared revenues are recognized when the provider government recognizes the liability to the county. Grants are recognized as revenues as soon as all eligibility requirements have been satisfied. Agency funds have no measurement focus, but use the accrual basis of accounting.

Governmental financial statements are presented using a current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized in the accounting period when they are both measurable and available to finance operations during the year or to liquidate liabilities existing at the end of the year. Available means collected in the current period or within 60 days after year end to liquidate liabilities existing at the end of the year. Measurable means knowing or being able to reasonably estimate the amount. Expenditures are recognized in the accounting period when the related fund liabilities are incurred. Debt service expenditures and expenditures related to compensated absences and claims and judgments, are recognized only when payment is due. Property taxes, state appropriations and federal awards are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period.

The county reports the following major Governmental Funds:

General Fund - This fund is used to account for and report all financial resources not accounted for and reported in another fund.

County Wide Road Maintenance Fund - This fund is used to account for monies from specific revenue sources that are restricted for road maintenance.

Additionally, the county reports the following fund types:

#### GOVERNMENTAL FUND TYPES

Special Revenue Funds - These funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects.

Debt Service Funds - These funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest.

#### FIDUCIARY FUND TYPE

Agency Funds - These funds account for various taxes, deposits and other monies collected or held by the county, acting in the capacity of an agent, for distribution to other governmental units or designated beneficiaries.



## WAYNE COUNTY

### Notes to Financial Statements For the Year Ended September 30, 2011

#### D. Account Classifications.

The account classifications used in the financial statements conform to the broad classifications recommended in *Governmental Accounting, Auditing and Financial Reporting* as issued in 2005 by the Government Finance Officers Association.

#### E. Deposits and Investments.

State law authorizes the county to invest in interest bearing time certificates of deposit for periods of fourteen days to one year with depositories and in obligations of the U.S. Treasury, State of Mississippi, or any county, municipality or school district of this state. Further, the county may invest in certain repurchase agreements.

Cash includes cash on hand, demand deposits, all certificates of deposit and cash equivalents, which are short-term highly liquid investments that are readily convertible to cash (generally three months or less). Investments in governmental securities are stated at fair value. However, the county did not invest in any governmental securities during the fiscal year.

#### F. Receivables.

Receivables are reported net of allowances for uncollectible accounts, where applicable.

#### G. Interfund Transactions and Balances.

Transactions between funds that are representative of short-term lending/borrowing arrangements and transactions that have not resulted in the actual transfer of cash at the end of the fiscal year are referred to as "due to/from other funds." Interfund receivables and payables between funds within governmental activities are eliminated in the Statement of Net Assets.

#### H. Capital Assets.

Capital acquisition and construction are reflected as expenditures in Governmental Fund statements and the related assets are reported as capital assets in the applicable governmental activities column in the government-wide financial statements. All purchased capital assets are stated at historical cost where records are available and at an estimated historical cost where no records exist. Capital assets include significant amounts of infrastructure which have been valued at estimated historical cost. The estimated historical cost was based on replacement cost multiplied by the consumer price index implicit price deflator for the year of acquisition. The extent to which capital assets costs have been estimated and the methods of estimation are not readily available. Donated capital assets are recorded at estimated fair market value at the time of donation. The costs of normal maintenance and repairs that do not add to the value of assets or materially extend their respective lives are not capitalized; however, improvements are capitalized. Interest expenditures are not capitalized on capital assets.

Governmental accounting and financial reporting standards allow governments meeting certain criteria to elect not to report major general infrastructure assets retroactively. Wayne County elected to report major general infrastructure assets acquired after September 30, 1980, on the government-wide financial statements. General infrastructure assets include all roads and bridges and other infrastructure assets.

Capitalization thresholds (dollar value above which asset acquisitions are added to the capital asset accounts) and estimated useful lives are used to report capital assets in the government-wide statements. Depreciation is calculated on the straight-line basis for all assets, except land. A full year's depreciation expense is taken for all purchases and sales of capital assets during the year. The following schedule details those thresholds and estimated useful lives:

# WAYNE COUNTY

## Notes to Financial Statements For the Year Ended September 30, 2011

	Capitalization Thresholds	Estimated Useful Life
Land	\$ 0	N/A
Infrastructure	0	20-50 years
Buildings	50,000	40 years
Improvements other than buildings	25,000	20 years
Mobile equipment	5,000	5-10 years
Furniture and equipment	5,000	3-7 years
Leased property under capital leases	*	*

\* Leased property capitalization policy and estimated useful life will correspond with the amounts for the asset classification, as listed above.

### I. Long-term Liabilities.

Long-term liabilities are the unmatured principal of bonds, loans, notes or other forms of noncurrent or long-term general obligation indebtedness. Long-term liabilities are not limited to liabilities from debt issuances, but may also include liabilities on lease-purchase agreements and other commitments.

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities, Statement of Net Assets.

### J. Equity Classifications.

#### Government-wide Financial Statements:

Equity is classified as net assets and displayed in three components:

Invested in capital assets, net of related debt - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, notes or other borrowings attributable to the acquisition, construction or improvement of those assets.

Restricted net assets - Consists of net assets with constraints placed on the use either by external groups such as creditors, grantors, contributors, or laws and regulations of other governments; or law through constitutional provisions or enabling legislation.

Unrestricted net assets - All other net assets not meeting the definition of “restricted” or “invested in capital assets, net of related debt.”

#### Fund Financial Statements:

Fund balances for governmental funds are reported in classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent.

Government fund balance is classified as restricted, committed or unassigned. The following are descriptions of fund classifications used by the county

*Restricted fund balance* includes amounts that have constraints placed upon the use of the resources either by an external party or imposed by law through a constitutional provision or enabling legislation.

## WAYNE COUNTY

### Notes to Financial Statements For the Year Ended September 30, 2011

*Committed fund balance* includes amounts that can be used only for specific purposes pursuant to constraints imposed by a formal action of the Board of Supervisors, the county's highest level of decision-making authority. This formal action is an order of the Board of Supervisors as approved in the board minutes.

*Unassigned fund balance* is the residual classification for the general fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed or assigned to specific purposes within the general fund. The general fund should be the only fund that reports a positive unassigned fund balance amount. In other governmental funds if expenditures incurred for specific purposes exceeded the amounts restricted, committed or assigned to those purposes, it may be necessary to report a negative unassigned fund balance.

When an expenditure is incurred for purposes for which both restricted and unrestricted (committed, assigned or unassigned) resources are available, it is the county's general policy to use restricted resources first. When expenditures are incurred for purposes for which unrestricted (committed, assigned and unassigned) resources are available, and amounts in any of these unrestricted classifications could be used, it is the county's general policy to spend committed resources first, followed by assigned amounts, and then unassigned amounts.

#### K. Property Tax Revenues.

Numerous statutes exist under which the Board of Supervisors may levy property taxes. The selection of authorities is made based on the objectives and responsibilities of the county. Restrictions associated with property tax levies vary with the statutory authority. The amount of increase in certain property taxes is limited by state law. Generally, this restriction provides that these tax levies shall produce no more than 110% of the amount which resulted from the assessments of the previous year.

The Board of Supervisors, each year at a meeting in September, levies property taxes for the ensuing fiscal year which begins on October 1. Real property taxes become a lien on January 1 of the current year, and personal property taxes become a lien on March 1 of the current year. Taxes on both real and personal property, however, are due on or before February 1 of the next succeeding year. Taxes on motor vehicles and mobile homes become a lien and are due in the month that coincides with the month of original purchase.

Accounting principles generally accepted in the United States of America require property taxes to be recognized at the levy date if measurable and available. All property taxes are recognized as revenue in the year for which they are levied. Motor vehicle and mobile home taxes do not meet the measurability and collectibility criteria for property tax recognition because the lien and due date cannot be established until the date of original purchase occurs.

#### L. Intergovernmental Revenues in Governmental Funds.

Intergovernmental revenues, consisting of grants, entitlements and shared revenues, are usually recorded in Governmental Funds when measurable and available. However, the "available" criterion applies for certain federal grants and shared revenues when the expenditure is made because expenditure is the prime factor for determining eligibility. Similarly, if cost sharing or matching requirements exist, revenue recognition depends on compliance with these requirements.

#### M. Compensated Absences.

The county has adopted a policy of compensation for accumulated unpaid employee personal leave. No payment is authorized for accrued major medical leave. Accounting principles generally accepted in the United States of America require accrual of accumulated unpaid employee benefits as long-term liabilities in the government-wide financial statements. In fund financial statements, Governmental Funds report the compensated absence liability payable only if the payable has matured, for example an employee resigns or retires.

# WAYNE COUNTY

## Notes to Financial Statements For the Year Ended September 30, 2011

### (2) Changes in Accounting Standards.

For the fiscal year ended September 30, 2011, the county implemented Governmental Accounting Standards Board (GASB) Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This statement enhances the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. The fund balance amounts for governmental funds have been reclassified in accordance with GASB Statement No. 54. As a result, amounts previously reported as reserved and unreserved are now reported as nonspendable, restricted, committed, assigned, or unassigned.

### (3) Prior Period Adjustment.

A summary of the significant fund equity adjustment is as follows:

Exhibit 4 - Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds.

Explanation	Amount
To correct error in classification of funds	
General Fund	\$ 475,712
Other Governmental Funds	(475,712)
Total prior period adjustment	\$ 0

### (4) Deposits.

The carrying amount of the county's total deposits with financial institutions at September 30, 2011, was \$9,413,606, and the bank balance was \$9,557,431. The collateral for public entities' deposits in financial institutions is held in the name of the State Treasurer under a program established by the Mississippi State Legislature and is governed by Section 27-105-5, Miss. Code Ann. (1972). Under this program, the entity's funds are protected through a collateral pool administered by the State Treasurer. Financial institutions holding deposits of public funds must pledge securities as collateral against those deposits. In the event of failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Deposit Insurance Corporation (FDIC).

**Custodial Credit Risk - Deposits.** Custodial credit risk is the risk that in the event of the failure of a financial institution, the county will not be able to recover deposits or collateral securities that are in the possession of an outside party. The county does not have a formal policy for custodial credit risk. However, the Mississippi State Treasurer manages that risk on behalf of the county. Deposits above FDIC coverage are collateralized by the pledging financial institution's trust department or agent in the name of the Mississippi State Treasurer on behalf of the county.

# WAYNE COUNTY

## Notes to Financial Statements For the Year Ended September 30, 2011

### (5) Interfund Transactions and Balances.

The following is a summary of interfund balances at September 30, 2011:

#### A. Due From/To Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Other Governmental Funds	General Fund	\$ 152,571
Agency Funds	General Fund	24,933
Total		<u>\$ 177,504</u>

The receivables represent the tax revenue collected but not settled until October, 2011. All interfund balances are expected to be repaid within one year from the date of the financial statements.

#### B. Transfers In/Out:

<u>Transfer In</u>	<u>Transfer Out</u>	<u>Amount</u>
General Fund	Other Governmental Funds	\$ <u>1,752</u>

The purpose of interfund transfers was to close out a dormant fund.

### (6) Intergovernmental Receivables.

Intergovernmental receivables at September 30, 2011, consisted of the following:

<u>Description</u>	<u>Amount</u>
Governmental Activities:	
Legislative tax credit	\$ 121,243
Housing state prisoners	2,260
Housing city prisoners	<u>1,280</u>
Total Governmental Activities	<u>\$ 124,783</u>

# WAYNE COUNTY

## Notes to Financial Statements For the Year Ended September 30, 2011

### (7) Capital Assets.

The following is a summary of capital assets activity for the year ended September 30, 2011:

#### Governmental activities:

	Balance Oct. 1, 2010	Additions	Deletions	Adjustments	Balance Sept. 30, 2011
<u>Non-depreciable capital assets:</u>					
Land	\$ 1,359,208	351,388	25,500		1,685,096
Total non-depreciable capital assets	<u>1,359,208</u>	<u>351,388</u>	<u>25,500</u>	<u>0</u>	<u>1,685,096</u>
<u>Depreciable capital assets:</u>					
Infrastructure	129,623,038	1,574,145			131,197,183
Buildings	9,399,581		19,656		9,379,925
Improvements other than buildings	554,391				554,391
Mobile equipment	5,971,355	207,009	271,043	526,260	6,433,581
Furniture and equipment	996,309		18,824		977,485
Leased property under capital leases	<u>2,997,886</u>	<u>328,447</u>	<u>58,486</u>	<u>(526,260)</u>	<u>2,741,587</u>
Total depreciable capital assets	<u>149,542,560</u>	<u>2,109,601</u>	<u>368,009</u>	<u>0</u>	<u>151,284,152</u>
<u>Less accumulated depreciation for:</u>					
Infrastructure	78,583,661	4,475,591			83,059,252
Buildings	3,089,089	149,522			3,238,611
Improvements other than buildings	177,405	22,176			199,581
Mobile equipment	3,667,218	608,668	181,718	251,537	4,345,705
Furniture and equipment	824,806	59,889	16,942		867,753
Leased property under capital leases	<u>841,364</u>	<u>534,497</u>	<u>26,319</u>	<u>(251,537)</u>	<u>1,098,005</u>
Total accumulated depreciation	<u>87,183,543</u>	<u>5,850,343</u>	<u>224,979</u>	<u>0</u>	<u>92,808,907</u>
Total depreciable capital assets, net	<u>62,359,017</u>	<u>(3,740,742)</u>	<u>143,030</u>	<u>0</u>	<u>58,475,245</u>
Governmental activities capital assets, net	<u>\$ 63,718,225</u>	<u>(3,389,354)</u>	<u>168,530</u>	<u>0</u>	<u>60,160,341</u>

\* Adjustments are the reclassification of paid out capital leases from leased property under capital leases to mobile equipment.

Depreciation expense was charged to the following functions:

	Amount
Governmental Activities:	
General government	\$ 67,893
Public safety	489,120
Public works	5,277,611
Economic development and assistance	<u>15,719</u>
Total governmental activities depreciation expense	<u>\$ 5,850,343</u>

# WAYNE COUNTY

## Notes to Financial Statements For the Year Ended September 30, 2011

### (8) Claims and Judgments.

#### Risk Financing.

The county finances its exposure to risk of loss related to workers' compensation for injuries to its employees through the Mississippi Public Entity Workers' Compensation Trust, a public entity risk pool. The county pays premiums to the pool for its workers' compensation insurance coverage, and the participation agreement provides that the pool will be self-sustaining through member premiums. The retention for the pool is \$1,000,000 for each accident and completely covers statutory limits set by the Workers' Compensation Commission. Risk of loss is remote for claims exceeding the pool's retention liability. However, the pool also has catastrophic reinsurance coverage for statutory limits above the pool's retention, provided by Safety National Casualty Corporation, effective from January 1, 2011, to January 1, 2012. The pool may make an overall supplemental assessment or declare a refund depending on the loss experience of all the entities it insures.

### (9) Capital Leases.

#### As Lessee:

The county is obligated for the following capital assets acquired through capital leases as of September 30, 2011:

Classes of Property		Governmental Activities
Mobile equipment	\$	2,741,587
Less: Accumulated depreciation		1,098,005
Leased Property Under Capital Leases	\$	<u>1,643,582</u>

The following is a schedule by years of the total payments due as of September 30, 2011:

Year Ending September 30	Governmental Activities	
	Principal	Interest
2012	\$ 653,527	43,514
2013	469,974	23,213
2014	223,644	11,511
2015	260,632	2,781
2016	36,910	88
Total	\$ <u>1,644,687</u>	<u>81,107</u>

# WAYNE COUNTY

## Notes to Financial Statements For the Year Ended September 30, 2011

### (10) Long-term Debt.

Debt outstanding as of September 30, 2011, consisted of the following:

Description and Purpose	Amount Outstanding	Interest Rate	Final Maturity Date
Governmental Activities:			
A. General Obligation Bonds:			
General obligation jail bonds 98	\$ <u>820,000</u>	6.00%	08/2013
B. Capital Leases:			
District 2 – Mack GU713 tandem dump truck	\$ 61,906	3.24%	05/2012
District 2 – 2010 Mack dump truck	83,487	3.39%	11/2013
District 2 – 12 H Caterpillar grader	92,731	3.14%	01/2013
District 2 – Kubota tractor	16,142	3.35%	03/2013
District 2 – John Deere 544K Loader	126,028	3.35%	10/2014
District 3 – Case wheel loader	27,610	3.79%	04/2013
District 3 – John Deere 6700	116,463	3.14%	01/2013
District 3 – (2) Mack tandem dump trucks	62,945	3.45%	06/2012
District 3 – Komatsu motor grader	99,156	3.45%	06/2012
District 3 – Rhino rotary cutter	5,187	3.35%	04/2012
District 3 – 420E Caterpillar backhoe	57,067	2.78%	10/2014
District 4 – Case 865 motor grader	45,175	3.45%	11/2013
District 4 – 2010 Mack truck	83,433	3.39%	10/2013
District 4 – 420E Caterpillar backhoe	58,111	2.87%	10/2015
District 5 – 12H Caterpillar grader	163,826	3.25%	01/2015
District 5 – 2005 12H Caterpillar grader	55,533	3.26%	12/2013
District 5 – (2) 2005 Mack tandem dump trucks	62,945	3.45%	07/2013
Countywide – Caterpillar 950H loader	129,918	3.28%	01/2012
Sanitation – Travis Wave Trailer	20,598	3.34%	12/2012
Sanitation – Freightliner M2106	79,574	3.45%	09/2014
Volunteer Fire Dept. – Water Tanker Ford F750	116,341	3.44%	03/2014
Volunteer Fire Dept. – Water Tanker Ford F750	<u>80,511</u>	3.39%	01/2013
Total Capital Leases	\$ <u>1,644,687</u>		
C. Other Loans:			
Fire trucks – CAP loan	\$ <u>443,846</u>	2.00%	11/2015

Annual debt service requirements to maturity for the following debt reported in the Statement of Net Assets are as follows:

#### Governmental Activities:

Year Ending September 30	General Obligation Bonds		Other Loans	
	Principal	Interest	Principal	Interest
2012	\$ 400,000	36,080	102,533	7,885
2013	420,000	18,480	104,602	5,815
2014			106,714	3,704
2015			108,867	1,550
2016			21,130	46
Total	\$ <u>820,000</u>	<u>54,560</u>	<u>443,846</u>	<u>19,000</u>



# WAYNE COUNTY

## Notes to Financial Statements For the Year Ended September 30, 2011

**Legal Debt Margin** - The amount of debt, excluding specific exempted debt that can be incurred by the county is limited by state statute. Total outstanding debt during a year can be no greater than 15% of assessed value of the taxable property within the county, according to the then last completed assessment for taxation. However, the limitation is increased to 20% whenever a county issue bonds to repair or replace washed out or collapsed bridges on the public roads of the county. As of September 30, 2011, the amount of outstanding debt was equal to 0.35% of the latest property assessments.

The following is a summary of changes in long-term liabilities and obligations for the year ended September 30, 2011:

	Balance Oct. 1, 2010	Additions	Reductions	Adjustments	Balance Sept. 30, 2011	Amount due within one year
Governmental Activities:						
Compensated absences	\$ 23,452	5,897			29,349	
General obligation bonds	1,200,000		380,000		820,000	400,000
Capital leases	1,909,244	290,197	554,754		1,644,687	653,527
Other loans	541,562		97,716		443,846	102,533
Total	\$ 3,674,258	296,094	1,032,470	0	2,937,882	1,156,060

### (11) Contingencies.

**Federal Grants** - The county has received federal grants for specific purposes that are subject to audit by the grantor agencies. Entitlements to these resources are generally conditional upon compliance with the terms and conditions of grant agreements and applicable federal regulations, including the expenditure of resources for allowable purposes. Any disallowance resulting from a grantor audit may become a liability of the county. No provision for any liability that may result has been recognized in the county's financial statements.

**Litigation** - The county is party to legal proceedings, many of which occur in the normal course of governmental operations. It is not possible at the present time to estimate ultimate outcome or liability, if any, of the county with respect to the various proceedings. However, the county's legal counsel believes that ultimate liability resulting from these lawsuits will not have a material adverse effect on the financial condition of the county.

### (12) Joint Ventures.

The county participates in the following joint ventures:

Wayne County is a participant with the City of Waynesboro in a joint venture authorized by Section 39-3-8, Miss. Code Ann. (1972), to operate the Waynesboro-Wayne County Library System. The Library was created to provide free public library service to citizens of the respective county and city. The county and city are obligated by contract to levy not more than a four mill and three mill tax, respectively, as provided by Section 9-3-5(5) and 39-3-7(1), Miss. Code Ann. (1972), respectively, for the ongoing financial support of the Library. By contractual agreement, the county's appropriation to the joint venture this year amounted to \$118,332. Complete financial statements for the Library can be obtained from the Waynesboro-Wayne County Library, Waynesboro, Mississippi.

Wayne County is a participant with Clarke County, Greene County, the City of Quitman, and the City of Waynesboro in a joint venture to operate the South Mississippi Narcotics Task Force organized under the Inter-local Cooperation Act of 1974, Section 17-13-1 through 17-13-11, Miss. Code Ann. (1972). The Task Force was created to provide a joint law enforcement effort between the participants. The Task Force is governed by a board, consisting of the sheriff/police chief from each participating entity. By contractual agreement, the county's appropriation from the General Fund this year to the joint venture amounted to \$31,822. Complete financial statements for the Task Force can be obtained from the South Mississippi Narcotics Task Force, Waynesboro, Mississippi.

## WAYNE COUNTY

### Notes to Financial Statements For the Year Ended September 30, 2011

Wayne county is a participant with the City of Waynesboro in a joint venture created under the provisions of Sections 33-15-17, 21-21-3, and 17-13-7, Miss. Code Ann. (1972), to operate the Emergency Management District of Wayne County. The District was formed by an Inter-local Agreement. The council that governs the District is composed of five members, two of which appointed by Wayne County. Expenses are shared by the two participants. The county expended \$199,499 during the fiscal year under this joint venture.

#### (13) Jointly Governed Organizations.

The county participates in the following jointly governed organizations:

Southern Mississippi Planning and Development District operates in a district composed of the Counties of Covington, Forrest, George, Greene, Hancock, Harrison, Jackson, Jefferson Davis, Jones, Lamar, Marion, Pearl River, Perry, Stone, and Wayne. The Wayne County Board of Supervisors appoints one of the 27 members of the board of directors. The county contributes a small percentage of the district's total revenue. The county appropriated \$25,127 for support of the district in fiscal year 2011.

Pine Belt Mental Health Care Resources operates in a district composed of the Counties of Covington, Forrest, Greene, Jefferson Davis, Jones, Lamar, Marion, Perry, and Wayne. The Wayne County Board of Supervisors appoints one of the nine members of the board of commissioners. The county appropriated of \$47,500 for support of the entity in fiscal year 2011.

Jones County Junior College operates in a district composed of the Counties of Clarke, Covington, Greene, Jasper, Jones, Perry, Smith, and Wayne. The college is governed by a 20 member board of trustees. Each county appoints two of the college's trustees, except Jones County, which appoints six. The county appropriated \$523,588 for maintenance and support of the college in fiscal year 2011.

Mississippi Regional Housing Authority VIII operates in a district composed of the Counties of Covington, Forrest, George, Greene, Hancock, Harrison, Jackson, Jones, Lamar, Marion, Pearl River, Perry, Stone, and Wayne. The governing body is a 15 member board of commissioners, one appointed by the Board of Supervisors of each of the member counties and one appointed at large. The counties generally provide no financial support to the organization.

Multi-County Community Service Agency is a human resources agency created to administer programs conducted by community action agencies, limited purpose agencies and related programs authorized by federal laws. Its six members are as follows: Clarke, Jasper, Kemper, Lauderdale, Newton, and Wayne Counties. Each member appoints three of its 18 board members. The county provided no financial support to the agency in fiscal year 2011.

#### (14) Defined Benefit Pension Plan.

Plan Description. Wayne County, Mississippi, contributes to the Public Employees' Retirement System of Mississippi (PERS), a cost-sharing, multiple-employer, defined benefit pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members and beneficiaries. Benefit provisions are established by state law and may be amended only by the State of Mississippi Legislature. PERS issues a publicly available financial report that includes financial statements and required supplementary information. That information may be obtained by writing to Public Employees' Retirement System, PERS Building, 429 Mississippi Street, Jackson, MS 39201-1005 or by calling 1-800-444-PERS.

Funding Policy. At September 30, 2011, PERS members were required to contribute 9% of their annual covered salary, and the county is required to contribute at an actuarially determined rate. The rate at September 30, 2011 was 12% of annual covered payroll. The contribution requirements of PERS members are established and may be amended only by the State of Mississippi Legislature. The county's contributions (employer share only) to PERS for the years ending September 30, 2011, 2010 and 2009 were \$425,220, \$398,872, and \$397,719, respectively, equal to the required contributions for each year.

# WAYNE COUNTY

## Notes to Financial Statements For the Year Ended September 30, 2011

### (15) Subsequent Events.

Events that occur after the Statement of Net Assets date but before the financial statements are available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the Statement of Net Assets date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the Statement of Net Assets date require disclosure in the accompanying notes. Management of Wayne County evaluated the activity of the county through September 14, 2012, and determined that the following subsequent events have occurred requiring disclosure in the notes to the financial statements:

Subsequent to September 30, 2011, Wayne County issued the following debt obligations:

<u>Issue Date</u>	<u>Interest Rate</u>	<u>Amount</u>	<u>Type of Financing</u>	<u>Source of Financing</u>
12/25/2011	2.75%	\$ 195,306	Capital Lease	Tax Revenue
01/25/2012	2.75%	195,306	Capital Lease	Ad Valorem
02/10/2012	2.17%	106,334	Capital Lease	Tax Revenue
05/10/2012	2.17%	106,334	Capital Lease	Ad Valorem
05/25/2012	2.16%	35,800	Capital Lease	Tax Revenue
06/15/2012	2.17%	122,682	Capital Lease	Tax Revenue
06/29/2012	2.02%	328,045	Capital Lease	Tax Revenue
07/25/2012	2.00%	170,635	Capital Lease	Tax Revenue
07/25/2012	2.14%	53,750	Capital Lease	Tax Revenue
08/01/2012	1.78%	189,500	Capital Lease	Tax Revenue

WAYNE COUNTY

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WAYNE COUNTY

REQUIRED SUPPLEMENTARY INFORMATION

WAYNE COUNTY  
 Budgetary Comparison Schedule -  
 Budget and Actual (Non-GAAP Basis)  
 General Fund  
 For the Year Ended September 30, 2011

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
REVENUES				
Property taxes	\$ 2,274,022	1,988,283	1,988,283	
Licenses, commissions and other revenue	199,200	200,851	200,851	
Fines and forfeitures	359,000	399,150	399,150	
Intergovernmental revenues	1,932,091	2,213,606	2,213,606	
Charges for services	175,000	98,940	98,940	
Interest income	140,000	71,968	71,968	
Miscellaneous revenues	336,494	410,040	410,040	
Total Revenues	<u>5,415,807</u>	<u>5,382,838</u>	<u>5,382,838</u>	<u>0</u>
EXPENDITURES				
Current:				
General government	2,994,447	2,542,861	2,542,338	523
Public safety	1,820,082	1,902,094	1,902,094	
Health and welfare	292,999	293,375	293,375	
Culture and recreation	10,000	12,500	12,500	
Education	300,000	336,503	336,503	
Conservation of natural resources	78,289	66,000	66,000	
Economic development and assistance	45,127	36,537	36,537	
Debt service:				
Principal				
Interest				
Bond issue costs				
Total Expenditures	<u>5,540,944</u>	<u>5,189,870</u>	<u>5,189,347</u>	<u>523</u>
Excess of Revenues over (under) Expenditures	<u>(125,137)</u>	<u>192,968</u>	<u>193,491</u>	<u>523</u>
OTHER FINANCING SOURCES (USES)				
Other financing sources				
Other financing uses				
Total Other Financing Sources and Uses	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net Change in Fund Balance	(125,137)	192,968	193,491	523
Fund Balances - Beginning	<u>5,352,100</u>	<u>5,434,484</u>	<u>5,434,484</u>	
Fund Balances - Ending	<u>\$ 5,226,963</u>	<u>5,627,452</u>	<u>5,627,975</u>	<u>523</u>

The accompanying notes to the Required Supplementary Information are an integral part of this statement.

WAYNE COUNTY  
 Budgetary Comparison Schedule -  
 Budget and Actual (Non-GAAP Basis)  
 County Wide Road Maintenance Fund  
 For the Year Ended September 30, 2011

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
REVENUES				
Intergovernmental revenues	\$ 662,500	811,685	811,685	
Miscellaneous revenues	12,250	11,580	11,580	
Total Revenues	<u>674,750</u>	<u>823,265</u>	<u>823,265</u>	<u>0</u>
EXPENDITURES				
Current:				
Public works	562,461	842,287	842,287	
Principal	20,607	20,606	20,606	
Interest	4,630	4,630	4,630	
Total Expenditures	<u>587,698</u>	<u>867,523</u>	<u>867,523</u>	<u>0</u>
Excess of Revenues over (under) Expenditures	<u>87,052</u>	<u>(44,258)</u>	<u>(44,258)</u>	<u>0</u>
OTHER FINANCING SOURCES (USES)				
Other financing sources				
Other financing uses				
Total Other Financing Sources and Uses	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net Change in Fund Balance	87,052	(44,258)	(44,258)	
Fund Balances - Beginning	<u>100,000</u>	<u>105,587</u>	<u>105,587</u>	
Fund Balances - Ending	<u>\$ 187,052</u>	<u>61,329</u>	<u>61,329</u>	<u>0</u>

The accompanying notes to the Required Supplementary Information are an integral part of this statement.

# WAYNE COUNTY

## Notes to the Required Supplementary Information For the Year Ended September 30, 2011

### A. Budgetary Information.

Statutory requirements dictate how and when the county's budget is to be prepared. Generally, in the month of August, prior to the ensuing fiscal year beginning each October 1, the Board of Supervisors of the county, using historical and anticipated fiscal data and proposed budgets submitted by the Sheriff and the Tax Assessor-Collector for his or her respective department, prepares an original budget for each of the Governmental Funds for said fiscal year. The completed budget for the fiscal year includes for each fund every source of revenue, each general item of expenditure, and the unencumbered cash and investment balances. When during the fiscal year it appears to the Board of Supervisors that budgetary estimates will not be met, it may make revisions to the budget.

The county's budget is prepared principally on the cash basis of accounting. All appropriations lapse at year end, and there are no encumbrances to budget because state law does not require that funds be available when goods or services are ordered, only when payment is made.

### B. Basis of Presentation.

The Budgetary Comparison Schedule - Budget and Actual (Non-GAAP Basis) presents the original legally adopted budget, the final legally adopted budget, actual amounts on a budgetary (Non-GAAP Basis) and variances between the final budget and the actual amounts. The schedule is presented for the General Fund and each major Special Revenue Fund. The Budgetary Comparison Schedule - Budget and Actual (Non-GAAP Basis) is a part of required supplemental information.

### C. Budget/GAAP Reconciliation.

The major differences between the budgetary basis and the GAAP basis are:

1. Revenues are recorded when received in cash (budgetary) as opposed to when susceptible to accrual (GAAP).
2. Expenditures are recorded when paid in cash (budgetary) as opposed to when susceptible to accrual (GAAP).

The following schedule reconciles the budgetary basis schedules to the GAAP basis financial statements for the General Fund and the major Special Revenue Fund:

	Governmental Fund Types	
	General Fund	County Wide Road Maintenance Fund
Budget (Cash Basis)	\$ 193,491	(44,258)
Increase (Decrease)		
Net adjustments for revenue accruals	63,638	865,292
Net adjustments for expenditure accruals	(286,323)	(875,968)
GAAP Basis	\$ (29,194)	(54,934)



WAYNE COUNTY

SUPPLEMENTAL INFORMATION

WAYNE COUNTY  
Schedule of Expenditures of Federal Awards  
For the Year Ended September 30, 2011

Federal Grantor/ Pass-through Grantor/ Program Title or Cluster	Federal CFDA Number	Pass-through Entity Identifying Number	Federal Expenditures
U. S. Dept of Agriculture - Forest Service/Passed-through the Mississippi Forestry Commission Cooperative Forestry Assistance	10.664	N/A	\$ 3,000
U. S. Dept of Agriculture/Passed-through the Mississippi State Treasurer's Office School and roads-grants to states*	10.665	N/A	575,660
U. S. Dept of Transportation - Federal Highway Administration/ Passed-through the Mississippi Department of Transportation Highway planning and construction	20.205	N/A	29,528
U. S. Dept of Transportation - Federal Highway Administration/ Passed-through the Mississippi Emergency Management Agency Interagency Hazardous Materials Public Sector Training and Planning Grant	20.703	N/A	337
U. S. Dept of Homeland Security/Passed-through the Mississippi Disaster grants - public assistance	97.036	FEMA-1837-DR-MS	33,403
U. S. Dept of Homeland Security/Passed-through the Mississippi Emergency management performance grant	97.042	N/A	24,505
Total Expenditures of Federal Awards			\$ <u>666,433</u>

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note A - Significant Accounting Policies

The accompanying Schedule of Expenditures of Federal Awards is prepared on the modified accrual basis of accounting.

\* Denotes major federal award program

WAYNE COUNTY  
Reconciliation of Operating Costs of Solid Waste  
For the Year Ended September 30, 2011

Operating Expenditures, Cash Basis:

Salaries	\$ 361,388
Expendable Commodities:	
Gasoline and petroleum products	82,497
Repair parts	9,974
Hauling and landfill fees	100,190
Maintenance	5,440
Contractual services	14,412
Supplies	55
Lease purchase - interest	4,380
Uniforms	<u>120</u>

Solid Waste Cash Basis Operating Expenditures	578,456
---	---------

Full Cost Expenses:

Indirect administrative costs	3,457
Depreciation on equipment	<u>98,604</u>

Solid Waste Full Cost Operating Expenses	<u><u>\$ 680,517</u></u>
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WAYNE COUNTY

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## WAYNE COUNTY

### SPECIAL REPORTS

WAYNE COUNTY

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**STATE OF MISSISSIPPI**  
**OFFICE OF THE STATE AUDITOR**  
**STACEY E. PICKERING**  
AUDITOR

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE  
FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Members of the Board of Supervisors  
Wayne County, Mississippi

We have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Wayne County, Mississippi, as of and for the year ended September 30, 2011, which collectively comprise the county's basic financial statements and have issued our report thereon dated September 14, 2012. Our report includes an adverse opinion on the aggregate discretely presented component units due to the omission of the discretely presented component units which are required by accounting principles generally accepted in the United States of America to be reported with the financial data of the county's primary government unless the county also issues financial statements for the financial reporting entity that include the financial data for its component units. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

Management of the county is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered Wayne County, Mississippi's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the county's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the county's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified a certain deficiency in internal control over financial reporting that we consider to be a material weakness.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying Schedule of Findings and Questioned Costs as 11-1 to be a material weakness.

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether Wayne County, Mississippi's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*. However, we noted certain matters that we have reported to the management of Wayne County, Mississippi, in the Limited Internal Control and Compliance Review Management Report dated September 14, 2012, included within this document.

Wayne County's response to the finding identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. We did not audit Wayne County's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of management, the Board of Supervisors, others within the entity, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

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WILLIAM R. DOSS, CPA  
Director, Financial and Compliance Audit Division

September 14, 2012





**STATE OF MISSISSIPPI**  
**OFFICE OF THE STATE AUDITOR**  
**STACEY E. PICKERING**  
AUDITOR

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS  
THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON  
INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

Members of the Board of Supervisors  
Wayne County, Mississippi

Compliance

We have audited the compliance of Wayne County, Mississippi with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that could have a direct and material effect on its major federal program for the year ended September 30, 2011. Wayne County, Mississippi's major federal program is identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of Wayne County, Mississippi's management. Our responsibility is to express an opinion on Wayne County, Mississippi's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Wayne County, Mississippi's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Wayne County, Mississippi's compliance with those requirements.

In our opinion, Wayne County, Mississippi, complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended September 30, 2011.

Internal Control Over Compliance

The management of Wayne County, Mississippi, is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Wayne County, Mississippi's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the county's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of management, the Board of Supervisors, others within the entity, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

A handwritten signature in black ink that reads "Will. R. Dooss". The signature is written in a cursive, slightly stylized font.

WILLIAM R. DOSS, CPA  
Director, Financial and Compliance Audit Division

September 14, 2012



**STATE OF MISSISSIPPI**  
**OFFICE OF THE STATE AUDITOR**  
**STACEY E. PICKERING**  
AUDITOR

**INDEPENDENT AUDITOR'S REPORT ON CENTRAL PURCHASING SYSTEM,  
INVENTORY CONTROL SYSTEM AND PURCHASE CLERK SCHEDULES  
(REQUIRED BY SECTION 31-7-115, MISS. CODE ANN. (1972))**

Members of the Board of Supervisors  
Wayne County, Mississippi

We have examined Wayne County, Mississippi's (the County) compliance with establishing and maintaining a central purchasing system and inventory control system in accordance with Sections 31-7-101 through 31-7-127, Miss. Code Ann. (1972) and compliance with the purchasing requirements in accordance with the bid requirements of Section 31-7-13, Miss. Code Ann. (1972) during the year ended September 30, 2011. The Board of Supervisors of Wayne County, Mississippi is responsible for the County's compliance with those requirements. Our responsibility is to express an opinion on the County's compliance based on our examination.

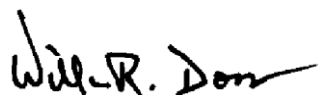
Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence about the County's compliance with those requirements and performing other procedures as we considered necessary in the circumstances. We believe our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the County's compliance with specified requirements. The Board of Supervisors of Wayne County, Mississippi, has established centralized purchasing for all funds of the county and has established an inventory control system. The objective of the central purchasing system is to provide reasonable, but not absolute, assurance that purchases are executed in accordance with state law.

Because of inherent limitations in any central purchasing system and inventory control system, errors or irregularities may occur and not be detected. Also, projection of any current evaluation of the system to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the degree of compliance with the procedures may deteriorate.

In our opinion, Wayne County, Mississippi, complied, in all material respects, with state laws governing central purchasing, inventory and bid requirements for the year ended September 30, 2011.

The accompanying schedules of (1) Purchases Not Made from the Lowest Bidder, (2) Emergency Purchases and (3) Purchases Made Noncompetitively from a Sole Source are presented in accordance with Section 31-7-115, Miss. Code Ann. (1972). The information contained on these schedules has been subjected to procedures performed in connection with our aforementioned examination of the purchasing system and, in our opinion, is fairly presented, in all material respects, when considered in relation to that examination.

This report is intended for use in evaluating the central purchasing system and inventory control system of Wayne County, Mississippi, and is not intended to be and should not be relied upon for any other purpose. However, this report is a matter of public record and its distribution is not limited.

A handwritten signature in black ink that reads "Will R. Doss". The signature is written in a cursive, slightly slanted style.

WILLIAM R. DOSS, CPA  
Director, Financial and Compliance Audit Division

September 14, 2012

WAYNE COUNTY  
Schedule of Purchases Not Made From the Lowest Bidder  
For the Year Ended September 30, 2011

Schedule 1

Our test results did not identify any emergency purchases.

WAYNE COUNTY  
Schedule of Emergency Purchases  
For the Year Ended September 30, 2011

Schedule 2

<u>Date</u>	<u>Item Purchased</u>	<u>Amount Paid</u>	<u>Vendor</u>	<u>Reason for Emergency Purchase</u>
4/14/2011	85 gallon hot water heater	\$ 6,599	Southern Pipe & Supply	No hot water for inmates in the jail.

WAYNE COUNTY

Schedule 3

Schedule of Purchases Made Noncompetitively From a Sole Source  
For the Year Ended September 30, 2011

Our test results did not identify any purchases made noncompetitively from a sole source.

WAYNE COUNTY

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**STATE OF MISSISSIPPI**  
**OFFICE OF THE STATE AUDITOR**  
**STACEY E. PICKERING**  
AUDITOR

**LIMITED INTERNAL CONTROL AND COMPLIANCE REVIEW MANAGEMENT REPORT**

Members of the Board of Supervisors  
Wayne County, Mississippi

In planning and performing our audit of the financial statements of Wayne County, Mississippi for the year ended September 30, 2011, we considered Wayne County, Mississippi's internal control to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide assurance on internal control.

In addition, for areas not considered material to Wayne County, Mississippi's financial reporting, we have performed some additional limited internal control and state legal compliance review procedures as identified in the state legal compliance audit program issued by the Office of the State Auditor. Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on the county's compliance with these requirements. Accordingly, we do not express such an opinion. This report does not affect our report dated September 14, 2012, on the financial statements of Wayne County, Mississippi.

The results of our review procedures and compliance tests identified certain immaterial instances of noncompliance with state laws and regulations that are opportunities for strengthening internal controls and operating efficiency. Our findings, recommendations, and your responses are disclosed below:

Board of Supervisors.

1. State Treasurer's Report is not reconciled to the bank statements quarterly.

Finding

Section 27-105-5, Miss. Code Ann. (1972), gives the county the responsibility to the State Treasurer for the collateralization of public funds. During the testing of the collateralization of public funds, it was noted that the county does not reconcile its bank statements to the quarterly reports from the State Treasurer's Office. Without reconciling the bank statements to the State Treasurer's quarterly reports, the risk increases that the county's total deposits may not be properly collateralized.

Recommendation

The county should reconcile its bank statements with the State Treasurer's quarterly reports.

Board of Supervisors' Response

We will concur.

Circuit Clerk.

2. The Circuit Clerk claimed expenses disallowed on Annual Financial Report.

Finding

Section 9-1-43(1), Miss. Code Ann. (1972), limits the compensation of the Circuit Clerk to \$90,000 after making deductions for employee salaries and related salary expenses, and expenses allowed as deductions by Schedule C of the Internal Revenue Code. All fees received in excess of this amount, less any allowable expenses, are to be deposited by the clerk into the county's General Fund on or before April 15<sup>th</sup> for the preceding calendar year. The clerk reported \$405.50 of disallowed Schedule C expenses for the 2011 calendar year. Failure for the clerk to repay the disallowed expenses would result in the loss of public funds.

Recommendation

The Circuit Clerk should settle \$405.50, which represents the disallowed expenses, to the General Fund.

Circuit Clerk's Response

I will concur in the future, get the proper documentation.

Auditor's Note

The Circuit Clerk paid \$405.50 to the General Fund as evidenced by Receive Warrant # 15665 on July 26, 2012.

Chancery Clerk.

3. The Chancery Clerk claimed expenses disallowed on Annual Financial Report.

Finding

Section 9-1-43(1), Miss. Code Ann. (1972), limits the compensation of the Chancery Clerk to \$90,000 after making deductions for employee salaries and related salary expenses, and expenses allowed as deductions by Schedule C of the Internal Revenue Code. All fees received in excess of this amount, less any allowable expenses, are to be deposited by the clerk into the county's General Fund on or before April 15<sup>th</sup> for the preceding calendar year. The clerk reported \$538.92 of disallowed Schedule C expenses for the 2011 calendar year. Failure for the clerk to repay the disallowed expenses would result in the loss of public funds.

Recommendation

The Chancery Clerk should settle \$538.92, which represents the disallowed expenses, to the General Fund.

Chancery Clerk's Response

I will concur with the recommendation. The county was repaid the funds in question on April 24, 2012. The county receipted these funds on receipt #15531.

Auditor's Note

The Chancery Clerk paid \$538.92 to the General Fund as evidenced by Receive Warrant # 15531 on April 24, 2012.

Purchase Clerk.

4. Credit card expenditures were not properly documented for authorization.

Finding

Section 25-3-41, Miss. Code Ann. (1972), specifies the requirements governing the use of a county credit card for travel. The Chancery Clerk or Purchase Clerk shall maintain complete records of all credit card numbers and all receipts and other documentation relating to the use of such credit cards. The supervisors and county employees shall furnish receipts for the use of such credit cards each month to the Chancery Clerk or Purchase Clerk, who shall submit a written report monthly to the Board of Supervisors. The report shall include an itemized list of all expenditures and use of the credit card for the month, and such expenditures may be allowed for payment by the county in the same manner as other items on the claims docket. Travel charges to the credit card were not in complete compliance with this section. There are no written reports itemizing the expenditures made on the credit card. Failure to enforce these requirements could result in the misuse of the credit card for unauthorized and unallowed expenditures.

Recommendation

The Purchase Clerk should ensure that a monthly report itemizing the expenditures and use of the credit card is submitted to the Board of Supervisors, as required.

Purchase Clerk's Response

More care will be taken to ensure that all invoices will be attached to credit card bills.

Wayne County's responses to the findings included in this report were not audited, and accordingly, we express no opinion on them.

This report is intended solely for the information and use of management, the Board of Supervisors, and others within the entity and is not intended to be and should not be used by anyone other than these parties. However, this report is a matter of public record and its distribution is not limited.



WILLIAM R. DOSS, CPA  
Director, Financial and Compliance Audit Division

September 14, 2012

WAYNE COUNTY

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WAYNE COUNTY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

WAYNE COUNTY

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# WAYNE COUNTY

## Schedule of Findings and Questioned Costs For the Year Ended September 30, 2011

### Section 1: Summary of Auditor's Results

#### ***Financial Statements:***

1. Type of auditor's report issued on the financial statements:
 

Governmental activities	Unqualified
Aggregate discretely presented component units	Adverse
General Fund	Unqualified
County Wide Road Maintenance Fund	Unqualified
Aggregate remaining fund information	Unqualified
2. Internal control over financial reporting:
  - a. Material weakness identified? Yes
  - b. Significant deficiency identified? None Reported
3. Noncompliance material to the financial statements noted? No

#### ***Federal Awards:***

4. Internal control over major programs:
  - a. Material weakness identified? No
  - b. Significant deficiency? None Reported
5. Type of auditor's report issued on compliance for major federal programs: Unqualified
6. Any audit finding(s) disclosed that are required to be reported in accordance with Section \_\_\_\_510(a) of OMB Circular A-133? No
7. Federal programs identified as major programs:
  - a. Schools and roads – grants to states, CFDA #10.665
8. The dollar threshold used to distinguish between type A and type B programs: \$300,000
9. Auditee qualified as a low-risk auditee? No
10. Prior fiscal year audit finding and questioned costs relative to federal awards which would require the auditee to prepare a summary schedule of prior audit findings as Discussed in Section\_\_\_\_.315(b) of OMB A-133? No

## WAYNE COUNTY

### Schedule of Findings and Questioned Costs For the Year Ended September 30, 2011

#### Section 2: Financial Statement Findings

Board of Supervisors.

#### Material Weakness

- 11-1. Financial data for the county's component units should be included in the county's financial statements.

#### Finding

Generally accepted accounting principles require the financial data for the county's component units to be reported with financial data of the county's primary government unless the county also issues financial statements for the financial reporting entity that include financial data for its component units. As reported in the prior three years' audit reports, the financial statements do not include the financial data for its component units. The failure to properly follow generally accepted accounting principles resulted in an adverse opinion on the discretely presented component units.

#### Recommendation

The Board of Supervisors should provide the financial data for its discretely presented component units for inclusion in the county's financial statements.

#### Board of Supervisors' Response

We will concur.

#### Section 3: Federal Award Findings and Questioned Costs

The results of our tests did not disclose any findings and questioned costs related to federal awards.